

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2022-__W**

Joint Application for Approval of)	
the Sale of Assets and Transfer of)	
Facilities, Territory and Certificate)	
of Public Convenience and)	APPLICATION
Necessity from AAA Utilities, Inc.)	
to CSWR South Carolina Utility)	
Operating Company, LLC)	
)	

Central States Water Resources, Inc., (“Central States”), CSWR-South Carolina Utility Operating Company, LLC, (“CSWRSC”), and AAA Utilities, Inc. (“AAA Utilities”) (collectively the “Joint Applicants”), pursuant to 10 S.C. Code Regs. 103-504 and other applicable rules and regulations, jointly apply to the Public Service Commission of South Carolina (“Commission”) for approval of a sale of assets, including water facilities, territories, and certificates of public convenience and necessity, from AAA Utilities to CSWRSC (“Application”). In support of this Application, the Joint Applicants would show this Commission the following:

1. AAA Utilities is a South Carolina corporation that owns and operates water facilities providing water services to the public for compensation in portions of Lexington and Richland counties.
2. AAA Utilities is a “public utility” as defined in S.C. Code Ann. Section 58-5-10(4).
3. AAA Utilities’s current schedule of rates and charges was approved by the Commission in a) Order No. 2014-379 issued in Docket No. 2013-47-W, dated April 29, 2014;

and b) Order No. 2003-657 issued in Docket No. 2003-213-W, following AAA Utilities' purchase of Lake Princeton Water System, LLC.

4. The service area served by AAA Utilities is set forth in a map on file with the Commission.

5. As of the date of this Application, AAA Utilities is current on its SCSPC Gross Receipts Report, payments, and annual report.

6. Central States is a corporation organized and existing under the laws of the State of Missouri.

7. CSWR South Carolina Utility Operating Company, LLC, is a limited liability company (LLC) organized and existing under the laws of the State of South Carolina that was formed for the purpose of acquiring, owning, and operating regulated water and wastewater utilities in South Carolina. CSWRSC is an affiliate of Central States, and also of CSWR, LLC, (CSWR), a Missouri limited liability company which indirectly owns 100% of CSWRSC. Other affiliates indirectly owned by CSWR currently own and operate 292 water and sewer systems in Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi, Arizona, North Carolina, and Arkansas. Those systems serve approximately 123,000 sewer customers and approximately 76,000 water customers. In addition, the CSWR affiliate group has applications pending in Arizona, Mississippi, North Carolina, Florida, Louisiana, Missouri, Tennessee, and Texas to acquire even more such systems. An organizational chart identifying each of the affiliated entities indirectly owned by CSWR is attached to this Application as **Exhibit A**.

8. A copy of CSWRSC's certificate of good standing in South Carolina is attached hereto and incorporated by reference as **Exhibit B**.

9. The Joint Applicants seek expedited approval of this Application and a waiver of any requirement for a formal hearing if, after notice, no substantial opposition arises.

10. All communications or inquiries regarding this Application should be directed as follows:

John J. Pringle, Jr.	Russ Mitten, General Counsel
Adams and Reese, LLP	Central States Water Resources, LLC
1501 Main Street, 5 th Floor	1650 Des Peres Rd., Suite 303
Columbia, SC 29201	Des Peres, MO 63131
(803) 343-1270	(314) 380-8595
jack.pringle@arlaw.com	rmitten@cswrgroup.com

11. Central States has entered into an Agreement for Sale of Utility System (“Agreement”), through which CSWRSC¹ will acquire the water system, service territories, personal and business property, real property, easements, governmental authorizations (including any certificates of public convenience and necessity issued by the Commission), and other permits), and certain other property necessary for the operation of the AAA Utilities water systems. A redacted copy of the Agreement is attached and incorporated herein by reference as **Exhibit C**. The Joint Applicants are filing a confidential copy of the Agreement under seal with a motion for confidential treatment.

12. The Joint Applicants submit that the sale of assets from AAA Utilities to CSWRSC is in the public interest. AAA Utilities no longer wishes to own the utility, and CSWRSC is a buyer with the financial resources to effect the transaction. CSWR-affiliated utilities have purchased and currently operate more than 400 public drinking water and wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, Mississippi, Tennessee,

¹ As authorized in the Agreement, Central States will assign its rights in the Agreement to its affiliate CSWRSC prior to closing.

Arizona, and North Carolina, through which they provide safe and reliable utility service to more than 190,000 customers.

Since March 2015, CSWR affiliates have designed, permitted, and completed construction of more than \$21.2 million of upgrades and improvements to drinking water systems. Those upgrades and improvements include construction of ground water storage tanks and drinking water pressurization pump assemblies, drilling water wells, erecting or rehabilitating well houses, closing failed wells, blasting/coating water storage tanks, replacing meter pits with new meters, replacing, or repairing numerous water distribution lines, installing numerous isolation valve systems, installing multiple flush hydrants, repairing hundreds of leaking lines, and constructing or rehabilitating various other improvements to existing drinking water systems.

For wastewater systems, CSWR-affiliated companies have designed, permitted, and constructed more than \$72.3 million of sanitary system improvements. Those improvements include wastewater line repairs to remedy infiltration and inflow problems, construction of sewer main extensions, construction and repairs of multiple lift stations, closures of environmentally-distressed wastewater treatment plants, conversion of failing wastewater treatment plants into sludge storage/flow equalization and treatment basins, conversion of failed mechanical systems to I-Fast systems, and construction of various other improvements to existing wastewater treatment facilities.

CSWR's affiliates have access to technical and managerial expertise and experience not usually available to small water and wastewater systems. And CSWR's business model provides that expertise at a lower cost because of the economies of scale the affiliated structure is able to achieve for its member utility operating companies.

In addition, the affiliated group of which CSWR South Carolina is a member has been able to secure an ongoing commitment from a Wall Street private equity firm to provide capital necessary to purchase small, oftentimes distressed, systems and then make investments necessary to bring those systems into compliance with applicable health, safety, and environmental laws. Those investors also supply working capital necessary to operate the systems until compensatory rates can be set by state regulators. Investment is provided primarily in the form of equity, but CSWR is committed to seek commercial debt financing as soon as practicable to balance the capital structure.

The public interest is served by having utility ownership committed to operating the utility and investing the necessary capital required for sustainable, efficient, operation. Customers will not be materially affected by the transaction, and the transition of the utility ownership will be carefully managed so that any inconvenience to customers is as minimal as possible. If the Joint Application is approved, CSWRSC would implement operational changes to improve and enhance service to AAA Utilities' current customers.

13. Unless and until a rate adjustment or other rate schedule modification is approved by the Commission, CSWRSC will operate the water system pursuant to the current schedule of rates and charges approved by the Commission for AAA Utilities in the Commission orders previously referenced.

14. If this Application is granted, all of AAA Utilities' water customers will become customers of CSWRSC; AAA Utilities will discontinue the provision of water services to the public and will no longer have authorized service territories or the related certificates of public convenience and necessity previously granted by this Commission. Further, if the Application is

granted, the service area that would be authorized to CSWRSC would be as shown on the maps on file with the Commission.

15. CSWRSC will post a performance bond as required by S.C. Code Reg. 103-512 upon approval of this Application, and will comply with all applicable rules and regulations of the Commission.

16. Closing of the Agreement is expressly contingent upon, among other things, Joint Applicants obtaining the approval of the Commission for the sale of assets of AAA Utilities to CSWRSC. No transfer of any assets has occurred, or will occur, unless and until such approval is obtained.

17. A proposed notice of filing is attached as **Exhibit D**.

18. Based upon the information provided above, approval of the Agreement is in the public interest.

WHEREFORE, the Joint Applicants respectfully request that the Commission:

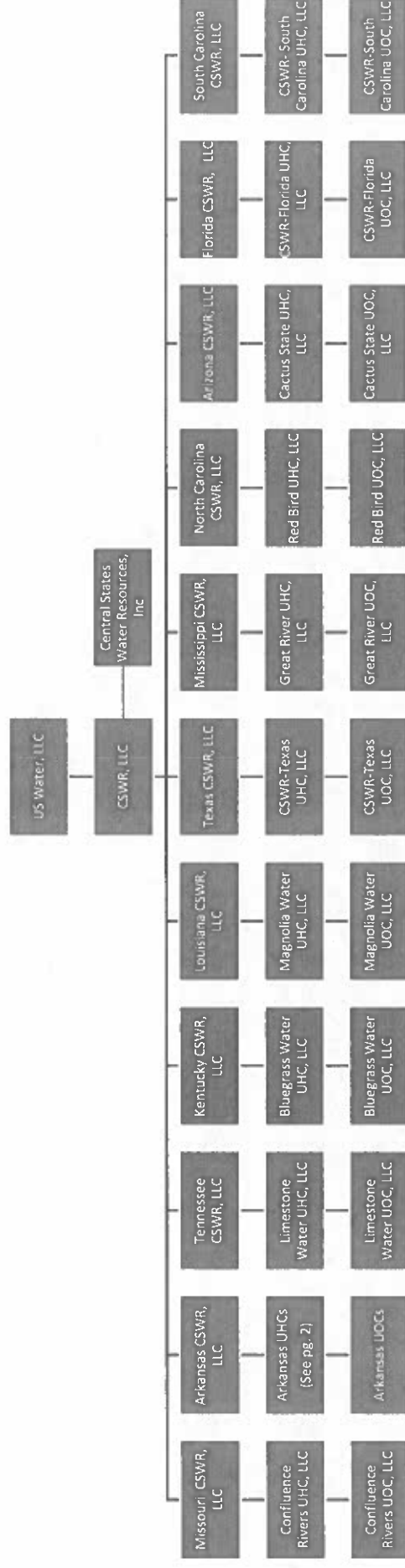
- a) approve the sale of the assets currently used or useful to serve the customers of AAA Utilities, including the transfer of water systems, territory, certificates, permits, powers, and privileges, from AAA Utilities to CSWRSC;
- b) permit CSWRSC to operate the water systems currently owned and operated by AAA Utilities under the schedule of rates and charges currently approved for them by this Commission;
- c) allow CSWRSC to operate the acquired systems under the name "Central States Water Resources South Carolina, LLC"; and
- d) grant such other relief as is just and proper.

Respectfully submitted,

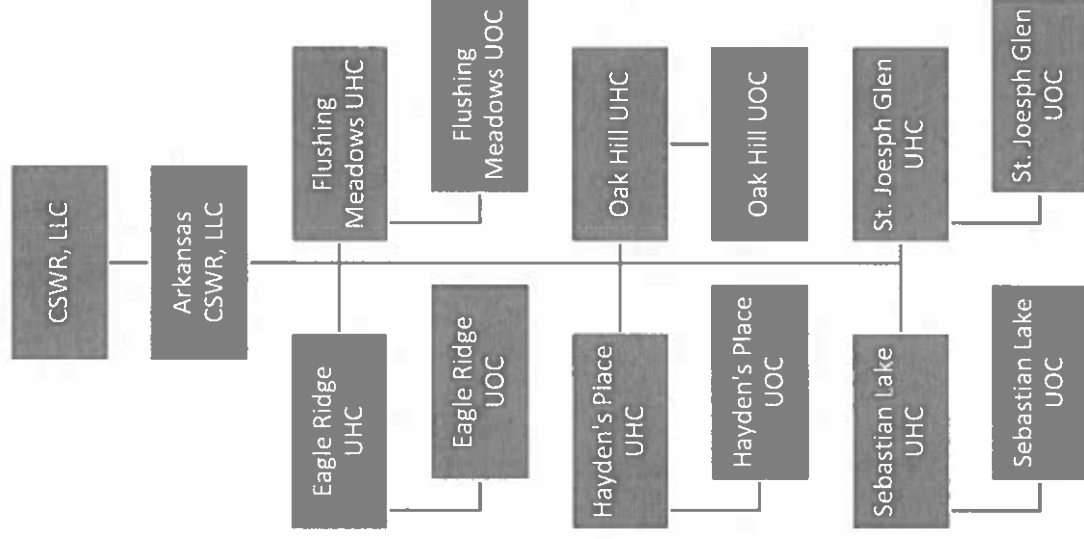
By: s/John J. Pringle, Jr.
 John J. Pringle, Jr.
 Adams and Reese LLP
 1501 Main Street, 5th Floor
 Columbia, SC 29201
 Phone: (803) 343-1270
jack.pringle@arlaw.com

Attorneys for Joint Applicants

Central States Water Resources Corporate Entity Organizational Chart



Arkansas CSWR Organizational Chart Detail



The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Existence

I, Mark Hammond, Secretary of State of South Carolina Hereby Certify that:

CSWR-South Carolina Utility Operating Company, LLC, a limited liability company duly organized under the laws of the State of South Carolina on July 28th, 2021, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to S.C. Code Ann. §33-44-809, and that the company has not filed articles of termination as of the date hereof.

Given under my Hand and the Great Seal
of the State of South Carolina this 31st day
of March, 2022.


Mark Hammond, Secretary of State

Exhibit C

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 9th day of April, 2021, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and AAA UTILITIES, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates, as a regulated water corporation, water facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Lexington County, South Carolina (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the State of South Carolina, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of water to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of water service in the System located in Lexington County, in the State of South Carolina, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases

related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit "B"*, attached hereto;

B. All of Seller's water service facilities, equipment, lines, plant, pipes, manholes and appurtenances;

C. Any machinery and equipment such as meters, tools, devices, mobile work equipment, and all furniture, fixtures, machinery, supplies and other tangible items, if any, located in Lexington County, South Carolina, and used or held for use in connection with the System as generally described in *Exhibit "C"*, attached hereto;

D. All of Seller's rights, title and interest in and to any franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds or other financial assurances or guaranties, and customer deposits, if any, pertaining to, allocable to or arising out of the provision of water service in Lexington County, South Carolina as generally described in *Exhibit "D"*, attached hereto;

E. All of Seller's inventory, merchandise, contract rights, supplies, goodwill, and general intangibles including accounts receivable pertaining to the water service, except accounts receivable accrued prior to the Closing; and

F. All assets not described which are located in Lexington County, South Carolina, and used or useful to operate the System, excepting therefrom, and from any other assets described in the paragraphs above of this Section 1, any and all cash, cash equivalents and banking deposits in existence prior to the Closing.

The assets to be sold and delivered, as above described, are hereinafter collectively described as the "Assets."

2. CONVEYANCES OF REAL ESTATE.

The real estate to be conveyed by Seller will include all facilities described herein and all interest of Seller in any water and other utility easements. The real estate will be conveyed by general warranty deed, in a form satisfactory to Buyer, and will vest marketable title in fact in the Buyer. Easements shall be assigned by written assignment or other means, in a form satisfactory to Buyer.

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of

the Purchase Price issued by a company authorized to issue title insurance in the State of South Carolina, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association ("ALTA") title examination standards ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the South Carolina Public Service Commission ("SCPSC"), South Carolina Office of Regulatory Staff ("SCORS"), South Carolina Department of Health and Environmental Control ("SCDHEC"), or any other regulatory agency in the State of South Carolina, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED] for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such

other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price. From time to time, at Buyer's request and expense, whether at or after the Closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Assets to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Assets. Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and assessments levied or assessed against the Assets shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Seller at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Seller shall pay for all attorneys' fees incurred by Seller.

On the date of the Closing, Buyer shall accept and assume ownership and title to the Assets to be conveyed hereunder and Buyer shall assume liability, and become responsible, for all obligations in connection with the Assets going forward, excepting responsibility for any liabilities and/or obligations of Seller in connection with the Assets that existed prior to the date of the Closing.

6. **SELLER'S REPRESENTATIONS AND WARRANTIES.**

The Seller represents and warrants as follows:

A. **Organization and Standing of Seller.**

Seller is a corporation, organized and existing under the constitution and laws of the State of South Carolina, in good standing with the South Carolina Secretary of State.

B. **Liabilities.**

All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Assets are liabilities and obligations of the

Seller and shall remain the obligations of Seller after the date of the Closing.

C. **Absence of Certain Changes.**

After Buyer's inspection and acceptance of the Assets, there shall not be:

- i. Any material change in the use of the Assets in connection with the business or operations of the System;
- ii. Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the Assets.

D. **Title to Properties.**

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller shall have obtained the legal right to transfer all of the Assets. To the best of Seller's knowledge, unless Seller has disclosed any information in writing to the Buyer to the contrary, Seller owns the Assets to be sold under this Agreement, in all cases, free and clear of all liens, mortgages, pledges, leases, options, rights of first refusal, conditional sales agreements, encumbrances or other charges, except liens for taxes not yet due or payable, easements or right of ways, streets, railways, pipelines, electric transmission and distribution lines, telephone lines, drainage rights and other similar rights or restrictions of record which do not, either individually or in the aggregate have a materially adverse effect on the value or utility of the Assets to be sold hereunder.

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor prior to closing to establish, at Buyer's expense, the property boundaries and easement locations and to create a written plat of the distribution and collection lines showing the location of said lines with respect to lot lines, platted utility easements, if any, to the extent the same can be shown with reference to such lot lines and platted utility easements.

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the Lexington County Recorder's Office where such easements are recorded. The cost of such identification and any related search being

the sole responsibility of the Buyer.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Seller lacks an easement or other interest necessary for operation of the System or 2) an easement is defective in title or interest conveyed. If it appears that Seller lacks a valid easement for any portion of the System, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option and in its sole discretion may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant and collection lines easements or other easements, 3) notify Seller that Buyer will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied, and 4) undertake any action, which in Buyer's sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

H. Authority to Operate.

The Assets, as described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller pertaining to the System. To the best of Seller's knowledge, the System is being conducted, and as of the date of the Closing, will be conducted in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service, and with local building and zoning codes. Seller agrees that from the Effective Date until either the termination of this Agreement or until after the Closing that Seller will not file any notices, requests, compliance documents, pleadings, or any other documents with any governmental or quasi-governmental authority that has jurisdiction over Seller in the operation, regulation or oversight of the System or any other endeavors of Seller (whether related to the System or not) without first providing at least ten (10) days prior notice to the Buyer for review and comment on such filing.

F. Litigation.

There is no litigation or proceeding pending, or to the knowledge of Seller threatened, against or relating to Seller, the Assets, or the System, nor does Seller know.

or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Seller, the Assets, or the System, except as otherwise disclosed to Buyer.

G. **No Violation or Breach.**

The performance of this Agreement by Seller, including any preconditions or surviving warranties or representations, is not in violation of any laws, statutes, local ordinances, state or federal regulations, court orders or administrative order or ruling, nor is such performance in violation of any loan documents, conditions or restrictions in effect for financing, whether secured or unsecured.

7. **BUYER'S REPRESENTATIONS AND WARRANTIES.**

Buyer represents and warrants as follows:

A. **Organization and Standing of Buyer.**

Buyer is a corporation, organized and existing under the constitution and laws of the State of Missouri, in good standing, and has the requisite power to purchase the Assets which are to be sold pursuant to the terms of this Agreement.

B. **Authority.**

The execution and delivery of this Agreement by Buyer and the purchase of the Assets as contemplated hereby have been duly authorized by Buyer, and all necessary action on the part of Buyer has been taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

8. **CONDITIONS PRECEDENT FOR BUYER TO CLOSE.**

All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.**

Both Parties shall diligently pursue the required approvals and authorizations contemplated herein. In the event the Parties are unable to obtain the required regulatory approval or authorization to complete the transactions contemplated herein, Buyer may terminate this Agreement by providing written notice to Seller at Buyer's sole and absolute discretion.

B. **Representations and Warranties True at Closing.**

Seller's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.**

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing; including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the day of the Closing, to include MDEQ and MSDH assessments, if any.

D. **Feasibility.**

Completion of Buyer's examination, testing and inspection of the Assets, the securing of any and all licenses, permits or governmental approvals Buyer deems necessary for Buyer's proposed uses of the Assets, and any other due diligence determined by the Buyer as necessary in order to determine the feasibility of this acquisition, the results of any of the foregoing to be satisfactory to Buyer, in its sole and absolute discretion. For purposes of this Agreement, the period from the date this Agreement is fully executed by both parties to the date that is twenty (20) days prior to the Closing, shall be referred to herein as the "Inspection Period." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Seller that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Seller to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and tests on the Assets; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the uses of the Assets as intended by Buyer.

E. **No Casualty.**

The Assets shall not have been adversely affected in any material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding.

F. **Buyer's Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Seller.

9. **CONDITIONS PRECEDENT FOR SELLER TO CLOSE**

All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Representations and Warranties True at Closing.**

Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

B. **Performance.**

Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

10. **INDEMNIFICATION.**

Seller shall, and hereby does agree to indemnify and hold harmless Buyer, at any time after the Closing against and in respect of:

A. All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the transactions entered into, or any state of facts existing, prior to the date of the Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof;

B. Any claim, damage or deficiency resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to Buyer under this Agreement;

C. Any claim, liability, damage or obligation arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing;

D. All actions, suits, proceedings, demands, assessments, judgments, costs (including attorney's fees) and expenses incident to any of the foregoing.

Seller shall reimburse Buyer, on demand, for any payment involuntarily made, required by law to be made, or with the consent of Seller made by Buyer at any time after the date of the Closing in respect of any liability, obligation or claim to which the indemnity and hold harmless by Seller contained in this section relates.

11. **FEES AND COMMISSIONS.**

Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the transactions contemplated by this Agreement. Each Party shall pay its own fees for attorneys, accountants, appraisers or others engaged by it in the course of negotiating or executing this Agreement and in closing and completing the transactions hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit shall be equally divided.

12. **HAZARD INSURANCE & CASUALTY LOSS.**

Seller shall maintain current hazard insurance in force on the Assets until the Closing. The risk of loss to the Assets shall pass to Buyer upon delivery of possession of the Assets to Buyer. If an event of casualty occurs to the Assets prior to the Closing, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Assets or the Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing.

13. **BENEFIT.**

All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Seller, its successors and assigns, and the successors and assigns of Buyer.

14. **GOVERNING LAW.**

This Agreement shall be construed and enforced in accordance with the laws of the State of South Carolina.

15. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be

deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

16. **NO THIRD PARTY BENEFICIARIES.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

17. **ENTIRE AGREEMENT.**

This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

18. **SUCCESSION AND ASSIGNMENT.**

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Seller by providing written notice to the Seller of such assignment. Other than the foregoing permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Seller, said approval not to be unreasonably withheld.

19. **HEADINGS.** .

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

20. **NOTICES.**

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section 20, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written

confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below; and (3) acknowledged as received by the recipient, by reply or separate email. (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President
Central States Water Resources, Inc.
1650 Des Peres Road, Suite 303
St. Louis, MO 63131
Facsimile: (314) 238-7201
Email: jcox@cswrgroup.com

With a Copy to:

James A. Beckemeier
Beckemeier LeMoine Law
13421 Manchester Rd., Suite 103
Saint Louis, Missouri 63131
Phone: (314) 965-2277
Facsimile: (314) 965-0127
E-mail: jim@bl-stl.com

If to Seller:

Jay Swearingen
AAA Utilities, Inc.
3071 Hwy 6
Lexington, SC 229073
Phone: (803) 518-1958
Facsimile: _____
Email: jswearin91@gmail.com

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

21. **AMENDMENTS AND WAIVERS.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

22. **SEVERABILITY.**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

23. **EXPENSES.**

Buyer and Seller shall each bear its own costs and expenses (including legal and accounting fees and expenses) incurred in connection with the preparation of this Agreement and activities necessary for the Closing.

24. **CONSTRUCTION.**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

25. **INCORPORATION OF EXHIBITS.**

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

26. **DEFAULT; ATTORNEY'S FEES.**

If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys' fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

27. **AUTHORITY TO EXECUTE.** Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

28. **CONFIDENTIALITY.**

Buyer and Seller shall keep confidential this Agreement, this transaction, and all information learned in the course of this transaction, except to the extent disclosure is required by law or court order or to enable third parties to advise or assist Buyer to conduct its due diligence or either party to close this transaction.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

AAA UTILITIES, INC.

By: 
Joseph Swearingen

Title: PRESIDENT / OWNER AAA UTILITIES, INC

BUYER:

CENTRAL STATES WATER
RESOURCES, INC.


By: 
Josiah Cox (Apr 13, 2021 11:57 MDT)
Josiah Cox, President

EXHIBIT "A"

Service Area Description

[Service Area Map & Legal Description to be inserted prior to Closing]

- Chasehunt Subdivision
- Hilton Sound Subdivision
- Lake Princeton Subdivision
- Lakeside Forest Subdivision
- Landpoint Subdivision
- Love Valley Subdivision
- Murray Hills Subdivision
- Ridgepoint Subdivision
- Rockford Place Subdivision
- Shealy Estates Subdivision

EXHIBIT "B"

Description of Land, Improvements thereon, Easements, Rights of Way, Permits and Leases
(The legal description(s) of the Land, Improvements thereon, Easements, Rights of Way shall be determined by
survey and title commitments, which shall be inserted prior to the Closing).

EXHIBIT "C"

Personal Property and Equipment

(meters, tools, devices, mobile work equipment, furniture, fixtures, machinery, supplies, and other tangible items)

Description	Balance of Associated Debt & Lender Information

EXHIBIT "D"

Rights Via Agreements, Contracts, Misc.
(franchise agreements, franchise rights, warranties, contracts, supply contracts, agreements, bonds and/or other
financial assurances and customer deposits)

Exhibit D

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

CLERK'S OFFICE

NOTICE OF FILING

DOCKET NO. 2022-__ W

Joint Application of the Sale of Assets and Transfer of Facilities, Territory and Certificates of Public Convenience and Necessity from AAA Utilities, Inc. to CSWR South Carolina Utility Operating Company, LLC

Central States Water Resources, Inc., ("Central States"), CSWR-South Carolina Utility Operating Company, LLC, ("CSWRSC"), and AAA Utilities, Inc. ("AAA Utilities") (collectively the "Joint Applicants") jointly applied to the Public Service Commission of South Carolina ("Commission") for approval of a sale of assets, including water and sewer facilities, territories, and certificates of public convenience and necessity, from AAA Utilities to CSWRSC ("Application"). The Application was filed pursuant to 10 S.C. Code Ann. Regs. 103-504, and other applicable rules and regulations. The Joint Applicants have entered into an Agreement for Sale of Utility System (Exhibit D of the Application) through which CSWRSC will acquire the water systems, service territories, personal and business property, real property, easements, governmental authorizations (including any certificates of public convenience and necessity issued by the Commission and other permits), and certain other property necessary for the operation of the AAA Utilities water systems. The Application also requests the Commission to permit CSWRSC to operate the water systems currently owned and operated by AAA Utilities under the schedules of rates and charges currently approved for them by the Commission.

A copy of the Application can be found on the Commission's website at www.psc.sc.gov under Docket No. 2022-__-W. Additionally, a copy of the Application is available from John J. Pringle, Jr., Esquire, Adams and Reese, LLP, 1501 Main Street, 5th Floor, Columbia, South Carolina 29201.

Any person who wishes to participate in this matter as a party of record should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before __, 2022, and provide a copy to the Office of Regulatory Staff and to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. *Please refer to Docket No. 2022-__-W.* Any person who wishes to testify and present evidence at the hearing should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the Company's representative at the above address, on or before __, 2022. *Please refer to Docket No. 2022-__-W.*

A public hearing, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission located at 101 Executive Center Drive, Columbia, South Carolina 29210, for the purpose of receiving testimony and other evidence from all interested parties regarding this Application. The time and date of this hearing will be furnished to all interested parties at a later date.

For the most recent information regarding this docket, please refer to www.psc.sc.gov and *Docket No. 2022-__-W.*

PLEASE TAKE NOTICE that any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at www.psc.sc.gov.

4/28/2022

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2022-__ W**

Joint Application for Approval of)
the Sale of Assets and Transfer of)
Facilities, Territory and Certificate)
of Public Convenience and)
Necessity from AAA Utilities, Inc.)
to CSWR South Carolina Utility)
Operating Company, LLC)
)

CERTIFICATE OF SERVICE

This is to certify that I have served one (1) copy of the Application addressed as follows:

VIA ELECTRONIC MAIL SERVICE

<p>Andrew Bateman, Esq. Office of Regulatory Staff 1401 Main Street, Suite 900 Columbia SC 29201 abateman@ors.sc.gov</p>	<p>Carri Grube Lybarker Roger P. Hall Conor J. Parker South Carolina Department of Consumer Affairs 293 Greystone Blvd., Suite 400 Post Office Box 5757 Columbia, SC 29250 clybarker@scconsumer.gov rhall@scconsumer.gov cjparker@scconsumer.gov</p>
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s/ John J. Pringle, Jr.
John J. Pringle, Jr.

April 29, 2022